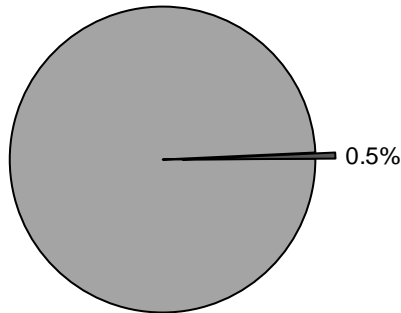


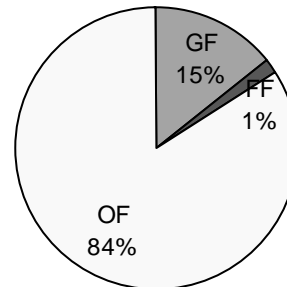
FY2007 Budget Briefing

Bureau of Administration

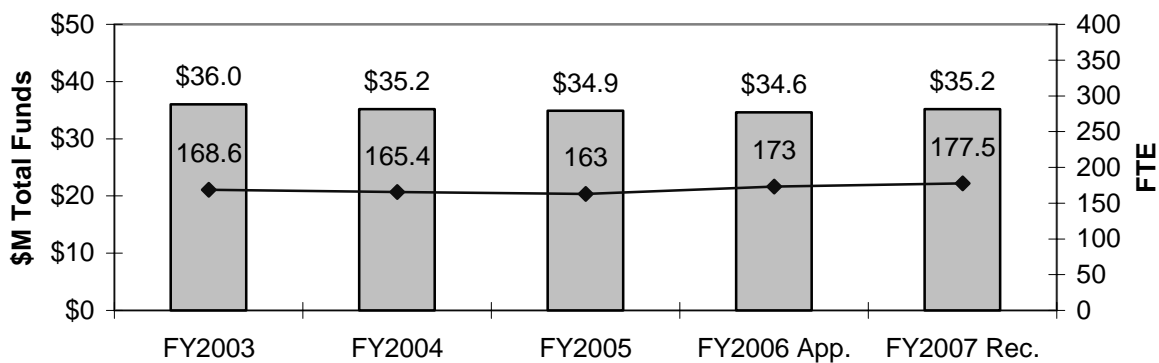
Agency's Share of Total
Recommended
State General Fund FY2007



Agency's Funding Source Split
FY2007 Recommended



Budget History



Key Responsibilities

- To provide purchasing, printing, mailing, risk management, space, records, property, fleet, engineering, and support services for state government agencies; and to maintain buildings and grounds.

Key Personnel

- Paul Kinsman, Commissioner
- Jim Neiles, Finance Officer

Department Total – BOA

The Bureau of Administration, part of the Department of Executive Management, is a centralized agency that serves the rest of state government with engineering, purchasing, printing, mailing, risk management, fleet, and other support services. It also manages the state's buildings, grounds, office space, property, and records.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	6,463,413	7,045,054	7,183,835	7,441,208	396,154	5.6%
Travel	155,579	142,232	142,232	142,232	-	0.0%
Contractual Services	9,586,016	8,276,643	8,376,635	8,376,635	99,992	1.2%
Supplies and Materials	6,482,179	6,060,095	6,160,095	6,160,095	100,000	1.7%
Grants and Subsidies	-	-	-	-	-	
Capital Outlay	11,202,754	11,309,850	11,309,850	11,309,850	-	0.0%
Other	1,049,228	1,800,000	1,800,000	1,800,000	-	0.0%
TOTAL	34,939,169	34,633,874	34,972,647	35,230,020	596,146	1.7%
Funding Sources:						
General Funds	5,155,517	5,138,424	5,116,016	5,132,173	(6,251)	-0.1%
Federal Funds	500,000	500,000	500,000	500,000	-	0.0%
Other Funds	29,283,652	28,995,450	29,356,631	29,597,847	602,397	2.1%
TOTAL	34,939,169	34,633,874	34,972,647	35,230,020	596,146	1.7%
FTE	163.0	173.0	177.5	177.5	4.5	2.6%

SALARY POLICY

The Governor's recommendation throughout this analysis also includes funding for Performance And Compensation Equity (PACE) movement of 2.5% for those employees who are paid under the job-worth of their pay range, a 3% across-the-board increase for all permanent employees, and an increase in the employer paid portion of the state health insurance plan. The recommended amounts for each segment of the compensation package are as follows:

	General Funds	Federal Funds	Other Funds	Total
2.5% PACE Movement	1,498		20,637	22,135
3% Across-the-Board	12,690		174,138	186,828
Health Insurance	1,969		46,441	48,410
Total	16,157	-	241,216	257,373

Major Expansion and Reduction

Budget Item	Agency Request			Governor's Recommendation		
	State General Fund	All Funds	FTE	State General Fund	All Funds	FTE
A. Central Services		138,781	4.5		138,781	4.5
Total Change		138,781	4.5		138,781	4.5

- A. A total of **4.5 FTEs and \$138,781** from other funds are requested and recommended to assist with the new Law Enforcement Training Center Building. Buildings and Grounds (B&G) intends to staff the building with an additional 10.5 FTEs. The building is expected to be turned over to the state in January 2006. BOA plans to reallocate 6.0 FTEs and is requesting an additional 4.5 FTEs. The agency indicates the total annual personal services budget for the increased responsibility will be \$315,820. The 6.0 current FTEs will cost \$177,039, and BOA is requesting an additional \$138,781 for the 4.5 new FTEs.

Administrative Services

The division provides administrative, personnel, financial, and legal services to the Bureau of Administration. It also provides the services to the rest of state government necessary to maintain a good working environment while minimizing the adverse effects of accidental losses.

The total recommended budget for Administrative Services consists of \$653,726 from the General Fund, no federal funds, and \$501,894 of other funds; for a total budget of \$1,155,620 and 6.0 FTEs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	347,358	384,744	384,744	398,117	13,373	3.5%
Travel	7,530	13,816	13,816	13,816	-	0.0%
Contractual Services	706,928	716,105	721,486	721,486	5,381	0.8%
Supplies and Materials	10,687	20,201	20,201	20,201	-	0.0%
Grants and Subsidies	-	-	-	-	-	0.0%
Capital Outlay	2,000	2,000	2,000	2,000	-	0.0%
Other	-	-	-	-	-	0.0%
TOTAL	1,074,503	1,136,866	1,142,247	1,155,620	18,754	1.6%
Funding Sources:						
General Funds	642,923	630,745	653,726	653,726	22,981	3.6%
Federal Funds	-	-	-	-	-	0.0%
Other Funds	431,580	506,121	488,521	501,894	(4,227)	-0.8%
TOTAL	1,074,503	1,136,866	1,142,247	1,155,620	18,754	1.6%
FTE	5.7	6.0	6.0	6.0	-	0.0%

Revenues

Actual
FY 2004

Actual
FY 2005

Estimated
FY 2006

Estimated
FY 2007

No revenues reported

Selected Performance Indicators

	<u>ACTUAL</u> <u>FY 2004</u>	<u>ACTUAL</u> <u>FY 2005</u>	<u>ESTIMATED</u> <u>FY 2006</u>	<u>ESTIMATED</u> <u>FY 2007</u>
Risk Management Audits (Full)	8	8	8	8
Cost Per FTE (General)	\$112	\$188	\$190	\$190

Sale Leaseback (BFM/BOA)

The program makes payments pursuant to the lease between the Bureau of Administration and the Building Authority dated December 1, 1986.

The total recommended budget consists of \$715,750 from the General Fund and no FTEs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	-	-	-	-	-	
Travel	-	-	-	-	-	
Contractual Services	807,500	761,139	715,750	715,750	(45,389)	-6.0%
Supplies and Materials	-	-	-	-	-	
Grants and Subsidies	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	
Other	-	-	-	-	-	
TOTAL	807,500	761,139	715,750	715,750	(45,389)	-6.0%
Funding Sources:						
General Funds	807,500	761,139	715,750	715,750	(45,389)	-6.0%
Federal Funds	-	-	-	-	-	
Other Funds	-	-	-	-	-	
TOTAL	807,500	761,139	715,750	715,750	(45,389)	-6.0%
FTE	0.0	0.0	0.0	0.0	0.0	

Revenues

<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>

No revenues reported

Selected Performance Indicators

<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>

None reported

➤ **Sale/Leaseback History:**

- In the 1980's the Legislature sold most state owned buildings and leased them back for state use. This was a revenue generating initiative for the state to use the investment income on the money received from the sale of the buildings. Part of the investment income was to be used to pay for the leases, and the other portion would be realized as net earnings.
- The state sold its office buildings valued at approximately \$200,000,000 to the South Dakota Building Authority.
- To pay for the buildings, the South Dakota Building Authority sold bonds. Bond payments by SDBA to the bondholders would be made out of payments by the state for the use of the same buildings.
- The state then took the \$200,000,000 and purchased an annuity contract for \$183,500,000 on the lives of a pool of retired state employees in the SDRS. The revenue stream to the state from the annuity contract would be used to make payments to the SDBA. Of the remaining \$16.5 million, \$14.5 million was used to fund one-time capital projects, and \$2 million was held in reserve to protect against the pool of retired employees dying faster than actuarial projections.
- At the end of the 30-year contract (2016), the state will resume ownership of the buildings from the South Dakota Building Authority.
- Authority provides for the payment of the original sale/leaseback (Foss, Anderson, State Library, Commerce Building, Becker-Hansen, and Soldiers' and Sailors' War Memorial buildings). The original closing date was December 18, 1986, and the final payment will be December 1, 2016. The funds budgeted are receipted and paid out the same day. There is no impact to the State General Fund. Payments associated with this sale/leaseback are funds 0112 and 0122. The activity was refinanced in 1996 to take advantage of a more favorable interest rate. The final payment remains December 1, 2016.
- The reduction is based on the payment schedule provided by the South Dakota Building Authority.
- This is only a portion of the sales-leaseback initiative; the remaining portion is reported through the Bureau of Finance and Management's budget.

Central Services

The division provides other government agencies with services of purchasing, lease negotiations & management, supplies, printing, mail, travel, surplus property, and records management.

The total recommended budget for Central Services consists of \$389,204 from the General Fund, no federal funds, and \$22,976,273 from other funds; for a total budget of \$23,365,477 and 151.5 FTEs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	5,067,372	5,476,266	5,615,047	5,817,396	341,130	6.2%
Travel	57,808	54,401	54,401	54,401	-	0.0%
Contractual Services	5,321,667	5,423,692	5,563,692	5,563,692	140,000	2.6%
Supplies and Materials	6,394,192	5,981,438	6,081,438	6,081,438	100,000	1.7%
Grants and Subsidies	-	-	-	-	-	0.0%
Capital Outlay	5,199,078	5,348,550	5,348,550	5,348,550	-	0.0%
Other	274,680	500,000	500,000	500,000	-	0.0%
TOTAL	22,314,797	22,784,347	23,163,128	23,365,477	581,130	2.6%
Funding Sources:						
General Funds	286,059	382,750	382,750	389,204	6,454	1.7%
Federal Funds	-	-	-	-	-	0.0%
Other Funds	22,028,738	22,401,597	22,780,378	22,976,273	574,676	2.6%
TOTAL	22,314,797	22,784,347	23,163,128	23,365,477	581,130	2.6%
FTE	139.1	147.0	151.1	151.5	4.5	3.1%

Revenues

	<u>Actual</u> <u>FY2004</u>	<u>Actual</u> <u>FY2005</u>	<u>Estimated</u> <u>FY2006</u>	<u>Estimated</u> <u>FY2007</u>	<u>% change</u> <u>from FY04</u>
Surplus Property Sales	\$2,041,786	\$2,747,227	\$2,850,000	\$3,000,000	46.9%
Legislative Publications	5,086	6,538	7,000	7,000	37.6%
Postage	2,980,378	3,096,221	3,300,000	3,400,000	14.1%
Sales of Supplies	1,633,116	1,627,014	1,700,000	1,750,000	7.2%
Federal Surplus Sales-Off Budget	4,054,113	4,408,837	4,500,000	4,500,000	11.0%
Vehicle Sales (Fleet)	729,854	571,768	800,000	800,000	9.6%
Total	\$11,444,333	\$12,457,605	\$13,157,000	\$13,457,000	17.6%

- The Governor's Mansion budget is included in this division.

Actual FY2002 expenditures were \$245,064.
 Actual FY2003 expenditures were \$211,675.
 Actual FY2004 expenditures were \$195,165.
 Actual FY2005 expenditures were \$213,910.
 \$303,991 is budgeted for FY2006.
 \$308,270 is requested for FY2007.

- A total of **4.5 FTEs and \$138,781** from other funds are requested and recommended to assist with the new Law Enforcement Training Center Building. Buildings and Grounds (B&G) intends to staff the building with an additional 10.5 FTEs. The building is expected to be turned over to the state in January 2006. BOA plans to reallocate 6.0 FTEs and is requesting an additional 4.5 FTEs. The agency indicates the total annual personal services budget for the increased responsibility will be \$315,820. The 6.0 current FTEs will cost \$177,039 and BOA is requesting an additional \$138,781 for the 4.5 new FTEs.

Selected Performance Indicators

	<u>Actual</u> <u>FY 2004</u>	<u>Actual</u> <u>FY 2005</u>	<u>Estimated</u> <u>FY 2006</u>	<u>Estimated</u> <u>FY 2007</u>
Purchase Orders Issued	9,324	8,690	9,000	9,000
Annual Contracts	310	289	300	300
Public Auctions Held	7	7	7	7
Pieces of Mail Handled/Year	10,381,413	10,286,652	10,500,000	10,500,000
Federal Surplus Clients	710	725	750	750
Fleet Vehicles	3,166	3,200	3,175	3,190
Total Miles Driven	37,488,578	39,017,332	39,000,000	39,000,000
Leases/Total Sq. Ft.	170/745,000	168/748,000	168/748,000	168/748,000
Maintenance Work Orders	12,295	13,168	13,500	14,000
Boxes of Records Stored	11,005	11,408	11,611	11,914
Retrieval/Refile	6,354	4,647	5,500	5,500
Rolls of Film Stored	77,144	77,929	78,714	79,499
Printing Impressions	49,912,812	45,375,871	45,875,812	46,375,000
Copies Made	13,742,849	14,051,838	14,360,827	14,669,816

State Engineer

The State Engineer advises the state on the planning, design, construction, maintenance, operation, and use of state-owned buildings.

The total recommended budget for State Engineer consists of no General Funds; no federal funds, and \$998,939 from other funds, for a total budget of \$998,939 and 13.0 FTEs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	571,352	754,284	754,284	780,842	26,558	3.5%
Travel	41,428	45,564	45,564	45,564	-	0.0%
Contractual Services	105,390	137,483	137,483	137,483	-	0.0%
Supplies and Materials	20,282	33,000	33,000	33,000	-	0.0%
Grants and Subsidies	-	-	-	-	-	0.0%
Capital Outlay	4,025	2,050	2,050	2,050	-	0.0%
Other	-	-	-	-	-	0.0%
TOTAL	742,477	972,381	972,381	998,939	26,558	2.7%
Funding Sources:						
General Funds	-	-	-	-	-	0.0%
Federal Funds	-	-	-	-	-	0.0%
Other Funds	742,477	972,381	972,381	998,939	26,558	2.7%
TOTAL	742,477	972,381	972,381	998,939	26,558	2.7%
FTE	10.4	13.0	13.0	13.0	-	0.0%

Revenues

Source	<u>Actual</u> <u>FY 2004</u>	<u>Actual</u> <u>FY 2005</u>	<u>Estimated</u> <u>FY 2006</u>	<u>Estimated</u> <u>FY 2007</u>	<u>% change</u> <u>from FY 2004</u>
Billings	\$721,087	\$653,435	\$750,000	\$750,000	4.0%
Total	\$721,087	\$653,435	\$750,000	\$750,000	4.01%

Selected Performance Indicators

	<u>Actual</u> <u>FY 2004</u>	<u>Actual</u> <u>FY 2005</u>	<u>Estimated</u> <u>FY 2006</u>	<u>Estimated</u> <u>FY 2007</u>
Value of Construction Work Completed	\$22,636,789	\$46,787,589	\$45,000,000	N/A
Cost of Projects Awarded	\$39,233,052	\$47,289,318	\$30,000,000	N/A

Statewide Maintenance and Repair

The division fixes and extends the useful life of state-owned properties including the Capital Complex, institutions under the authority of the departments of Corrections, Human Services, and the State Veterans Home.

The total recommended budget for Statewide Maintenance and Repair consists of \$3,000,000 from the General Fund, \$500,000 from federal funds, and \$2,450,000 from other funds: for a total budget of \$5,950,000 and no FTEs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	-	-	-	-	-	-
Travel	21,516	-	-	-	-	0.0%
Contractual Services	-	-	-	-	-	0.0%
Supplies and Materials	22,799	-	-	-	-	0.0%
Grants and Subsidies	-	-	-	-	-	0.0%
Capital Outlay	5,985,180	5,950,000	5,950,000	5,950,000	-	0.0%
Other	-	-	-	-	-	0.0%
TOTAL	6,029,495	5,950,000	5,950,000	5,950,000	-	0.0%
Funding Sources:						
General Funds	3,079,495	3,000,000	3,000,000	3,000,000	-	0.0%
Federal Funds	500,000	500,000	500,000	500,000	-	0.0%
Other Funds	2,450,000	2,450,000	2,450,000	2,450,000	-	0.0%
TOTAL	6,029,495	5,950,000	5,950,000	5,950,000	-	0.0%
FTE	0.0	0.0	0.0	0.0	-	0.0%

Revenues

Source	<u>Actual</u> <u>FY 2004</u>	<u>Actual</u> <u>FY 2005</u>	<u>Estimated</u> <u>FY 2006</u>	<u>Estimated</u> <u>FY 2007</u>	<u>% change</u> <u>from FY 2004</u>
Fund 3113	\$654,000	\$659,846	\$663,000	\$665,000	1.7%

Selected Performance Indicators

	<u>Actual</u> <u>FY 2004</u>	<u>Actual</u> <u>FY 2005</u>	<u>Estimated</u> <u>FY 2006</u>	<u>Estimated</u> <u>FY 2007</u>
None given				

Office of Hearing Examiners

The office is responsible for impartial administrative hearings.

The total recommended budget for the Office of Hearing Examiners consists of \$373,493 from the State General Fund and 4.0 FTEs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	266,701	277,503	277,503	287,206	9,703	3.5%
Travel	1,513	7,951	7,951	7,951	-	0.0%
Contractual Services	42,295	62,586	62,586	62,586	-	0.0%
Supplies and Materials	25,491	13,500	13,500	13,500	-	0.0%
Grants and Subsidies	-	-	-	-	-	0.0%
Capital Outlay	3,540	2,250	2,250	2,250	-	0.0%
Other	-	-	-	-	-	0.0%
TOTAL	339,540	363,790	363,790	373,493	9,703	2.7%
Funding Sources:						
General Funds	339,540	363,790	363,790	373,493	9,703	2.7%
Federal Funds	-	-	-	-	-	-
Other Funds	-	-	-	-	-	-
TOTAL	339,540	363,790	363,790	373,493	9,703	2.7%
FTE	4.0	4.0	4.0	4.0	-	0.0%

Revenues

<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>

No revenues reported

Selected Performance Indicators

	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Equalization	147	109	120	120
DECA	5	10	10	10
Driver Improvement	259	165	165	165
Revenue	40	76	76	76
Insurance	13	29	29	29
Real Estate	11	20	11	20
DOH	3	5	5	5
BOP	5	4	4	4
DOL	4	1	1	1
DOA	4	2	2	2
DOB	6	20	20	20
DHS	3	6	6	6
Lottery	1	3	3	3
GFP	2	3	3	3

PEPL Fund Administration – Informational

The Public Entity Pool for Liability (PEPL) Fund provides tort claims coverage for state employees and loss control services.

The total recommended budget for the PEPL Fund Administration consists of \$1,370,741 from other funds and 3.0 FTEs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	210,628	152,257	152,257	157,647	5,390	3.5%
Travel	18,428	20,500	20,500	20,500	-	0.0%
Contractual Services	1,793,603	1,175,638	1,175,638	1,175,638	-	0.0%
Supplies and Materials	8,728	11,956	11,956	11,956	-	0.0%
Grants and Subsidies	-	-	-	-	-	0.0%
Capital Outlay	8,930	5,000	5,000	5,000	-	0.0%
Other	-	-	-	-	-	0.0%
TOTAL	2,040,317	1,365,351	1,365,351	1,370,741	5,390	0.4%
Funding Sources:						
General Funds	-	-	-	-	-	0.0%
Federal Funds	-	-	-	-	-	0.0%
Other Funds	2,040,317	1,365,351	1,365,351	1,370,741	5,390	0.4%
TOTAL	2,040,317	1,365,351	1,365,351	1,370,741	5,390	0.4%
FTE	3.8	3.0	3.0	3.0	-	0.0%

Revenues

<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>

No revenues reported

Selected Performance Indicators

<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>

None given

PEPL Fund Claims – Informational

The total recommended budget for PEPL Fund Claims consists of \$1,300,000 from other funds and no FTEs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	2	-	-	-	-	0.0%
Travel	7,357	-	-	-	-	0.0%
Contractual Services	808,633	-	-	-	-	0.0%
Supplies and Materials	-	-	-	-	-	0.0%
Grants and Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	774,547	1,300,000	1,300,000	1,300,000	-	0.0%
TOTAL	1,590,539	1,300,000	1,300,000	1,300,000	-	0.0%
Funding Sources:						
General Funds	-	-	-	-	-	0.0%
Federal Funds	-	-	-	-	-	0.0%
Other Funds	1,590,539	1,300,000	1,300,000	1,300,000	-	0.0%
TOTAL	1,590,539	1,300,000	1,300,000	1,300,000	-	0.0%
FTE	0.0	0.0	0.0	0.0	-	0.0%

Revenues

	<u>Actual FY 2004</u>	<u>Actual FY 2005</u>	<u>Estimated FY 2006</u>	<u>Estimated FY 2007</u>
No revenues reported				

Selected Performance Indicators

	<u>Actual FY 2004</u>	<u>Actual FY 2005</u>	<u>Estimated FY 2006</u>	<u>Estimated FY 2007</u>
None given				

Other Departmental Issues

A. Interim Appropriation Actions

No interim appropriation actions were taken.

B. Audit Findings.

No audit findings.

C. Agency Specific Questions.

The following agency specific questions were asked by the Joint Committee to the agency:

1. Provide a status report on the sale of the old Governor's residence and an update on the expenses and budget for the new residence.
2. Provide an updated maintenance & repair projects report for FY2006 and FY2007.